

Germany

CONTEMPORARY HISTORY

Germany has had a dramatic history in the 20th century. Unified as a country in 1871, Germany was late in industrializing and achieving the status of a wealthy and powerful nation compared to England and France. Consequently, Germany came too late to the international scene to establish colonies in the rest of the world and instead challenged the status quo. Germany initiated WWI and suffered a humiliating and costly defeat. The settlement of WWI placed severe and onerous financial burdens on Germany's economy. After suffering great economic pains in the 1920s, with high unemployment and inflation, Germany turned in 1933 to Adolf Hitler, who soon became a cruel dictator.

Hitler organized Germany into a militarized and authoritarian state under the Nazi regime. Under Hitler's rule, Germany initiated WWII in 1939 and conquered most of Europe before finally being defeated by the combined Allied forces, which included the US, the UK, France, the Soviet Union, and many other nations. During the war, Nazi Germany pursued a program of genocide against European Jews. Over six million Jews died in concentration camps. Millions of additional Europeans, especially Russians, were also victims of German concentration camps.

After the war, Germany was divided into an eastern part controlled by the Soviet Union, and a western part controlled by the US, the UK, and France. During the Cold War between the US and the Soviet Union, the division became more formal, and two independent republics were created. They were separated by one of the most militarized and dangerous borders in the world. Controversy over control of Berlin brought the world to the brink of war in 1948 and again in 1961, when the Berlin wall was built.

West Germany grew into one of the world's major economic powers, supported by US aid (the Marshall Plan), a favorable political climate, hard work, and the boost of European economic and political strength. Through the establishment of the European Common Market and later the European Union (EU), West Germany rejoined



<p>Flag</p>  <p><i>The red, gold, and black stripes were adopted by the German states in their war against Napoleon. The stripes represent democracy. The flag became official in 1949.</i></p>	<h2>Germany: Facts</h2>	
	<p>Capital: Berlin</p> <p>Government: Fed. Republic</p> <p>Government Head (Chancellor): Angela Merkel</p> <p>Economy: Capitalist</p> <p>Independence (Unification): 1871</p> <p>Area (sq. km): 357,000</p> <p>Population (millions): 82</p> <p>Adult Literacy: 99%</p> <p>Pop. Growth Rate: -0.044%</p>	

Source: CIA World Fact book. Military data for year 2005. All others for year 2008. GDP figures are in Purchasing Power Parity. Tuberculosis data for year 2006 and Health Care % of GDP for year 2005 from WHO.

Europe as an honorable country. The notion of Germany as a war-prone nation within Europe gradually disappeared.

The most dramatic chapter of recent history came with the end of the Cold War. In 1989 the public tired of the Berlin Wall dividing their city and they tore it down from both sides. The reunification of East and West Germany followed in 1990. This transformed the map of Europe, making the unified Germany the most dominant country in Europe.

In the general election held in September 2006, no party won a clear majority of seats. Angela Merkel's conservative party, the Christian Democrats (CDU), won 225 seats. Chancellor Gerhard Schroeder, of the Social Democrats (CSU), won 34.3% of the vote, or 222 seats. For two months, it was unclear who would be chancellor. The two main parties held talks and a "grand coalition" of the two parties was created. In November 2006, Angela Merkel was named Chancellor of this coalition government. She is the first woman to hold this position. Even more unusual, she is the first East German to become Chancellor. She is a relative newcomer to politics, only beginning her political career after the Berlin Wall fell in 1989.

Initially, the coalition government pushed through some much needed labor market reforms. It is estimated that these reforms added about .2% to Germany's GDP growth potential. But such reforms have been met by public hostility, so the government had begun to slow the pace of reforms when the global financial crisis hit in 2008. Despite some differences between the competing ruling parties in the grand coalition, this political marriage has lasted. The next general election is scheduled for September 2009.

GERMANY TODAY

A highly developed country, Germany has the fifth largest economy in the world. It is located in central Europe and it is about 15% smaller than California in size. The country is an extremely successful manufacturer and exporter, providing the economic engine for Central Europe.

As the instigator of both World War I and II, Germany ended WWII as a defeated and destroyed country. Measures were put in place that would prevent Germany from becoming a military aggressive country again.

Like Japan, the non-Soviet sectors of Germany were able to quickly recover their economic footing. Because of the continued Soviet threat, France and Germany were able to overcome their differences over the world wars, and become important leaders of non-Soviet Europe. Unlike Japan, Germany has shown great remorse for its role in the war, apologizing repeatedly and publicly.

As a legacy of WWII, Germany was a divided country. The Soviet Union created a separate Germany out of its occupied sector, which came to be known as East Germany. With the demise of the Soviet Union, the country was finally re-unified in 1990. Germany spends considerable funds annually to bring the former East Germany up to Western standards.

A close relationship was forged between the US and Germany due to American help after WWII. The US not only provided financial help in the post-war period through the Marshall Plan, but it helped Germany fend off threats from the Soviet Union during the Cold War. While the countries may disagree on issues, this close working relationship continues today.

Germany is a world leader on environmental issues. It has the strongest Green Party, a political party that promotes environmental awareness. German industries are hard at work perfecting technologies to combat global warming. However, Germany itself is a heavily industrialized country and as such, it produces a large amount of Europe's greenhouse gases. The country is one of the few countries in Europe on target to meet its' emissions reduction quota under the Kyoto Protocol. However, a planned phase out of nuclear energy may prevent Germany from meeting its lofty goals.

Human Rights

In response to the atrocities of the Nazis during WWII, human rights in Germany are widely protected in the German constitution. The country has ratified most international human rights treaties. In its foreign policy, Germany has mostly supported the promotion of human rights and has tied international aid to human rights improvements. The German government generally respects the human rights of its citizens, and the law and judiciary provide effective means of dealing with instances of individual abuse. Germany has publicly apologized numerous times for the

WWII genocide.

Germany has vowed never again to allow ultra-nationalism or racism to play any part in its politics. In fact, Germany has laws preventing the revival of Nazism. However, there continue to be incidents of violence and harassment directed at recent immigrants and also acts of anti-Semitism. Given the sensitivity of the issue of racism due to Germany's WWII history, officials are quick to point out that the overwhelming majority of the perpetrators of anti-Semitic attacks on immigrants are frustrated, either largely apolitical youths or a small core of right-wing extremists.

Germany has been the most generous European country in welcoming political refugees (such as those from Bosnia). However, illegal immigrants arriving without permission in Germany usually are returned to their country of origin. But the government recently determined that over 12,000 illegal Iraqis will not be returned to Iraq for the time being.

During the 1950s and 1960s when its economy was booming, West Germany created a guest worker program to provide manpower for its factories. But only 50% of the guest workers returned to their home countries. The rest sent for their families and settled permanently in Germany. About 10% of the country's population consists of immigrants without German citizenship. Immigrants do not have all of the same rights and protections as native-born Germans. Unlike the US, the children of migrant workers are not automatically granted citizenship if they are born in Germany.

After a lot of discussion, a watered-down version of an immigration law was passed in 2005. The law provides easier access to such tools as access to language courses to help immigrants make the transition to German society. It also smoothed the citizenship path for immigrants already living in the cities of Berlin, Hamburg, or Munich. But unemployment among immigrants can be much higher than ethnic Germans. Unemployment for immigrants from Turkey, for example, is at 32%. But it is social isolation that can create immigrant unrest in countries. There has been some concern that the city of Hamburg seems to be an attractive destination for Islamic radicals.

While violence against women occurs and is almost certainly under-reported, it is condemned in society, and laws that are for the most part effectively enforced

prohibit it. Women continue to face wage discrimination in the private sector, as do members of minorities and immigrants. For the past 10 years, honor killings have been rising in Muslim immigrant populations across Europe. It is estimated that since the year 2000, 50 women have been victims of honor killings in Germany. While the police have been reluctant to intervene in the domestic affairs of immigrant Muslim families, they have begun to reopen unsolved murder cases that took place in the Islamic communities over the past 10 years.

Germany demonstrates a strong commitment to children's rights and welfare through well-funded systems of public education and medical care. Public education is provided and is mandatory through the age of 16. The government recognizes that violence against children is a problem requiring its attention. The Child and Youth Protection Law stresses the need for preventing violence through various means such as counseling and other assistance. The Criminal Code was amended in 1993 to make sexual abuse of children by German citizens abroad punishable even if the action is not illegal in the child's own country. Germany has ratified the ILO's Minimum Wage Convention No. 138 and the Worst Forms of Child Labor Convention No. 182.

Environment

Germany has led the world in environmental awareness. It has the strongest Green Party, it is the country where many of the methods for environmental control have been invented, and it is the world leader in environmental technology. Germany has also made protecting the environment part of its foreign policy. In spite of this, Germany remains a heavily industrial country with a high population density. It is one of the biggest green house gas producers in Europe. It produces air pollution from coal burning and vehicle exhausts, has acid rain, and suffers from heavy pollution in the Baltic Sea. It inherited environmental problems in the eastern states when East and West Germany merged.

Even though Germany is considered a leader in environmental awareness, in June 2006, the pro-business government of Angela Merkel announced changes that will exclude the German coal industry from the EU's carbon trading program. The trading program was established to create incentives for companies to reduce

their carbon dioxide emissions. This move allows the coal industry to be excluded from Germany's Kyoto Protocol goals, which is a huge advantage to one industry. This means the coal industry has no incentive to provide cleaner burning coal.

Under the former administration, at international environment conferences such as the Kyoto conference, Germany has been a leading advocate of drastic international action and massive reduction in the emission of greenhouse gases. It is one of three EU countries (the others being France and the UK) that seem to be achieving their emission reduction targets. Germany was the dominant voice in shaping the EU position at Kyoto in 1997. It ratified the final version of the Kyoto Protocol in March 2002. The country continues to support most binding international commitments as well as the active promotion of new environment-friendly habits such as recycling and wind power.

Germany has pledged to reduce its global warming emissions 21% below 1990 levels between 2008 and 2012. It has already achieved a reduction of 19%. However, Germany has an advantage that other countries do not have. When East and West Germany merged in 1990, the country inherited Soviet era manufacturing facilities in East Germany that generated heavy levels of pollution. By closing or upgrading these facilities, Germany has been able to reduce the country's overall pollution levels significantly.

Not wanting to rest on its laurels, Germany has also aggressively pursued alternative energy sources. The government is using state funding and price guarantees to make sure that alternative energy sources will be successful. It will use 1) ecological tax reform, 2) promote combined heat and electricity systems, and 3) encourage energy conservation. By taking a lead in clean energy sources, Germany hopes to profit by exporting the technology to other countries. Germany is very ambitious in its approach. A goal has been set to double the portion of electricity generated by renewable energies from 5% to 10% by 2010. This will be increased to 50% by 2050.

Presently, nuclear power plants provide 33% of Germany's electricity. Due to the environmental concerns of what to do with the spent fuel rods, the government passed the Nuclear Exit Law in 2000. The law provides for the phase out of nuclear energy by 2021. The country currently has 17 reactors, with four of those to

be shut down sometime in 2009. However, a 2007 research report showed that if the country continues the scheduled phase down, it will miss its carbon dioxide emission targets by a wide margin, face higher electricity prices, suffer more blackouts and dramatically increase its dependence on gas imports from Russia. In response to this, Angela Merkel and the CDC party now opposes the nuclear power shutdown. Their other party in the ruling coalition continues to support the Nuclear Exit Law. So nothing will happen until the 2009 election.

Here are some of the programs Germany is using to promote alternative energy:

ZIP: The Zukunfts Investitions program (ZIP) committed \$110 million for 80 projects such as fuel cell technology, propulsion technologies, geothermal power generation, offshore wind energy, and energy conservation when old buildings are remodeled. By 2030, Germany plans to have thousands of windmills whirring off its coast. It hopes to have enough to replace 20 power plants. The country already has half of Europe's windmills. They currently produce 4% of its energy needs.

The Renewable Energy Sources Act: Since 2000, one of the features of this act has been to make sure that the price paid for electricity generated by solar power, wind power, biomass (like wood), methane, and geothermal heat is high enough to allow the systems to compete with established energy sources in the marketplace.

100,000 Roofs Program: The government is providing low-interest loans to private individuals and businesses with the goal of funding 100,000 roofs with photovoltaic systems installed.

Power-heat cogeneration: In a typical power plant, power is produced and the excess heat is released via cool-

Germany: Health

Birth Rate	8/1,000
Death Rate	11/1,000
Life Expectancy - Male	76
Life Expectancy - Female	82
Infant Mortality	4/1,000
HIV/AIDS Cases	43,000
HIV/AIDS Prevalence Rate	1/1,000
Tuberculosis Rate	7/100,000

ing towers. By capturing the excess heat and using it for other purposes, power plants can become much more energy efficient. The government has pledged \$3.5 billion in support to the power industry to encourage cogeneration technologies.

The principal health challenge for Germany lies in reforming its funding policies to meet increasing costs due to an aging population. Germany has a national health care system that covers over 90% of its population. Current expenditures for health care equal 11% of its GDP. Only two countries in the world spend more on health care than Germany (the US and Switzerland). Germany's health care system covers nearly all health-related costs, including long-term care and prescription drugs. Chancellor Merkel had made an overhaul of the German health care system a centerpiece of her agenda. In October 2006, an agreement was reached to finance a deficit in the system by increasing the premium paid by employers and employees. However, the plan fell far short of the overhaul Mrs. Merkel had promised.

The quality of the German health care system is reflected in the country's health statistics. A low percentage of the adult population suffers from AIDS (1 per 1,000). Similarly, its infant mortality rate (4 per 1,000) is among the world's lowest, and average life expectancy, at 79 years, is one of the highest for developed countries. The number of cases of tuberculosis is 7 per 100,000. Many of these cases are due to immigration and tourism from other countries with high rates of infection.

Economy

The country is the world's fifth largest economy and the largest economy in Europe. The EU needs Germany to be an economic workhorse, helping weaker members survive global downturns. But Germany's need to modernize and integrate the eastern German states has been a major drag on its economy since reunification in 1990. The combined transfers of funds from West to East Germany total almost \$80 billion a year. From the period 1994-2003, Germany had the weakest GDP growth rate in the EU. For the period 2006-07, its GDP growth rate averaged 2.6% and its high unemployment rate was improving. The government increased sales taxes 3% in 2007, which allowed it to post a small budget surplus. However, Germany is being negatively impacted by the 2008 global financial crisis. Its GDP growth rate will probably be flat for 2009.

The coalition government of Chancellor Merkel has been slow to implement promised economic reforms to help stimulate the economy. But German companies did not wait for political help. They took advantage of the overall health of the global economy in 2006-07, particularly the robust trade between the newest members of the EU. By moving production to lower cost countries and holding down wage increases in 2006-07, German companies increased their exports. Germany's largest companies showed a healthy 12% increase in profits for 2007. While the global financial meltdown will dampen growth in 2009, Germany hopes that continued demand from

the emerging market countries will keep its companies profitable. A planned major business tax reform should help German companies. It is expected to lower the high level of tax rates on German corporations.

Germany's economy is well developed and diversified, and it is a major exporter of motor vehicles, machinery, pharmaceuticals, chemicals, and heavy electrical equipment. Highly integrated into the euro zone, 56% of German exports head to seven other EU member nations. Emerging countries in Central Europe are becoming a growth market for Germany, absorbing almost 10% of its exports. Germany's regulations on trade follow the regulations adopted by the EU as a whole. While farmers are not as important to Germany as they are to France, Germany continues to side with the EU to retain the high subsidies for EU farmers. For seven years the members of the WTO have been trying to reduce farm subsidies so that developing countries can have more open access to global farm markets. But countries or organizations like the US and the EU have resisted in order to protect the incomes of their own farmers. Aside from the farm subsidy issue, Germany's economy is very open to international trade.

Not only is the German economy open to trade, but also very open to foreign investment. Germany welcomes investors in most sectors of its economy, and the government does not place restrictions on the flow of money into or out of the country. Germany has a high savings rate and is thus able to contribute significantly on its own to new investments in its economy. Germany also has fully functioning financial markets, which allow its busi-

Germany Economics

GDP (trillion)	\$2.807
GDP Per Capita	\$34,100
GDP Growth Rate	2.5%
Unemployment	9%
Inflation Rate	2.3%
Exports (trillion)	\$1.354
Imports (trillion)	\$1.075
External Debt (billions)	\$3,626

nesses to raise capital for investment through international and domestic sources alike. The historic rise of the European currency, the Euro is making German exports more expensive. German companies have moved some production to lower-cost countries to save labor costs.

Germany takes its leadership role in the global economy seriously. It is a member of the G8. It also helped establish the G20. Germany has always been a leading voice in foreign aid and is a generous aid donor. A large portion of this aid now goes through the EU. Germany has devoted a major part of its development aid to the countries of the former Soviet Union and to eastern European countries. In these countries, it has also actively promoted foreign direct investment by private German companies. Germany has fostered economic growth in eastern and central Europe to facilitate their entry in the EU.

Security

Devastated by two world wars and dismembered by Cold War divisions, Germany has returned to great power status. With a population of 82 million and the world's fifth largest economy, a reunified Germany enters the 21st century as Western Europe's strongest country. Perhaps because of its militaristic past, Germany has not exerted the political or military influence proportionate with its population or economic strength.

By the end of WWII in 1945 Germany was humbled. Its economy and industrial capacity were in ruins. The country was divided into four occupied zones (American, British, French and Soviet). These zones formed the bases for West and East Germany that materialized later. Germany was on the front lines of the Cold War, with tensions particularly great during the building of

the Berlin wall and the subsequent Berlin airlift. Former West German Chancellor Willy Brandt tried to improve relations with the Soviet Union and especially with East Germany with his Ostpolitik strategy of the late 1960s and early 1970s.

Although a strong member of NATO, West Germany experienced tensions with the US over both American involvement in Vietnam in the 1960s and President Reagan's plan to place Pershing missiles in West Germany in the 1980s. Germany's central place in the Cold War is also reflected in the widely held opinion that the dismantling of the Berlin wall in 1989 marked the end of the Cold War.

German reunification was followed by growing German influence in Russia and Central and Eastern Europe. Germany's location in the heart of Europe went from being a handicap during the Cold War to an advantage afterwards. Germany maintains a strong relationship with France and has been a key driving force behind European integration.

As a strong member of the EU and NATO, Germany plays an important role in the ongoing global conflicts in Iraq and in the nuclear disputes with Iran and North Korea. While it was against the US invasion of Iraq in 2003, it has agreed to train Iraqi police in modern police investigation techniques.

Germany, along with Japan, are still listed as an enemy state in the UN Charter. For 30 years, members of the UN have discussed amending this language in the Charter. But it will take ratification by all 128 UN member states to delete this language. A proposed amendment will be linked to the discussions of possible member additions to the Security Council. The most widely promoted plan to increase membership is the Group of 4, or G4 plan. The G4 countries are Brazil, Germany, India and Japan.

Until recently, Germany had not deployed military forces outside of its own country since WWII. This has been mostly due to domestic and international wariness of a re-armed and reunified Germany. This prevented its direct military involvement in the Gulf War of 1991, though Germany did support the US and its allies with financial and logistical support. This attitude against taking military action abroad seems to be ending, however, and more than 9,000 German troops are stationed in peacekeeping missions in the Balkans

Germany

and Afghanistan. The strength of the anti-war Green Party in Germany's government has caused some internal tensions over the country's peacekeeping involvement, however. The country has also resisted the emergence of so-called "peacekeeper forces with teeth", such as NATO's International Security Assistance Force (ISAF).

Germany expressed strong support for the United States in the aftermath of 9/11. Investigations have determined that three of the hijackers involved with the Trade Center disaster had lived in Germany and planned 9/11 in the German city of Hamburg. This city has been determined to be a European base for the al Qaeda network. However, most of the 9/11 Hamburg cell members have either died or been convicted of specific terrorist acts. For example, one man was convicted of making wire transfers and helping cover the tracks for the Trade Center terrorists when they went to Afghanistan and the US.

In response to 9/11, Germany passed anti-terror legislation to increase spending on security and to crack down on some extremist religious groups. In addition, Germany has tightened restrictions on passports and identification cards. The country continues to work closely with the US. In March 2008, the two country's signed an information sharing arrangement to grant each

other access to fingerprints and DNA in cases of suspected terrorist activity. The US hopes such cooperating agreements will become a model for cooperation with other European nations.

On the issue of nuclear non-proliferation, Germany believes strongly in the need to limit access to nuclear weapons. It is a signer of the Nuclear Non-proliferation Treaty. Along with the UK and France, Germany has been participating in the EU discussions with Iran concerning their insistence on enriching plutonium. The country supports the concerns of the International Atomic Energy Agency (IAEA) and other nations about Iran's motives in this regard.

As for domestic terrorism, in July 2006, Islamic extremists tried but failed to blow up two trains in northern Germany. In October 2006, an Iraqi was arrested for trying to recruit insurgents to go to Iraq. About 30 of Hamburg's 100 mosques are now being monitored for "suspicious activity".

Besides the tragedy of Islamic-related terrorism in the post-9/11 period, Germany has experienced some earlier domestic terrorism. During the 1970s the Red Army faction attacked a number of German businessmen. There was also a bombing of a Berlin disco frequented by American servicemen in 1986 that was later linked to terrorists from Libya.

Germany: Security (Armed Forces)	
Military expense as % of GDP (2005)	1.5%
Military expenditures (millions)	\$35,063
Military expense per capita	\$427.60